

111TH CONGRESS
2D SESSION

H. R. 5901

To amend the Internal Revenue Code of 1986 to exempt certain stock of real estate investment trusts from the tax on foreign investment in United States real property interests, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2010

Mr. CROWLEY introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to exempt certain stock of real estate investment trusts from the tax on foreign investment in United States real property interests, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Real Estate Jobs and
5 Investment Act of 2010”.

1 **SEC. 2. EXCEPTION FROM FIRPTA FOR CERTAIN STOCK OF**
2 **REAL ESTATE INVESTMENT TRUSTS.**

3 (a) IN GENERAL.—Paragraph (3) of section 897(c)
4 of the Internal Revenue Code of 1986 is amended—

5 (1) by striking all that precedes “If any class”
6 and inserting the following:

7 “(3) EXCEPTIONS FOR CERTAIN STOCK DIS-
8 POSITIONS.—

9 “(A) EXCEPTION FOR STOCK REGULARLY
10 TRADED ON ESTABLISHED SECURITIES MAR-
11 KETS.—”,

12 (2) by adding at the end of subparagraph (A)
13 (as added by paragraph (1)) the following: “In the
14 case of any class of stock of a real estate investment
15 trust, the preceding sentence shall be applied by sub-
16 stituting ‘10 percent’ for ‘5 percent’.”, and

17 (3) by adding at the end the following new sub-
18 paragraph:

19 “(B) EXCEPTION FOR CERTAIN STOCK IN
20 REAL ESTATE INVESTMENT TRUSTS.—

21 “(i) IN GENERAL.—Stock of a real es-
22 tate investment trust held by a qualified
23 shareholder shall not be treated as a
24 United States real property interest except
25 to the extent that an investor in the quali-
26 fied shareholder holds (directly or indi-

rectly through the qualified shareholder)
more than 10 percent of the stock of such
real estate investment trust.

“(ii) QUALIFIED SHAREHOLDER.—
For purposes of this subparagraph, the
term ‘qualified shareholder’ means a share-
holder—

“(I) which would be eligible for a
reduced rate of withholding under any
income tax treaty of the United States
with respect to ordinary dividends
paid by the real estate investment
trust even if such shareholder holds
more than 10 percent of the stock of
such real estate investment trust, and

“(II) whose principal class of in-
terests is listed and regularly traded
on one or more recognized stock ex-
changes (as defined in the relevant in-
come tax treaty referred to in sub-
clause (I)).”.

(b) DISTRIBUTIONS OF REAL ESTATE INVESTMENT
TRUSTS.—Paragraph (1) of section 897(h) of such Code
is amended—

1 (1) by inserting “(10 percent in the case of
2 stock of a real estate investment trust)” after “5
3 percent of such class of stock”, and

4 (2) by inserting “, and any distribution to a
5 qualified shareholder (as defined in subsection
6 (c)(3)(B)(ii)) shall not be treated as gain recognized
7 from the sale or exchange of a United States real
8 property interest to the extent that the stock of the
9 real estate investment trust held by such qualified
10 shareholder is not treated as a United States real
11 property interest under subsection (c)(3)(B)” before
12 the period at the end.

13 (c) CONFORMING AMENDMENT.—Subparagraph (C)
14 of section 897(c)(6) of such Code is amended by striking
15 “more than 5 percent” and inserting “more than a par-
16 ticular percentage”.

17 (d) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the amendments made by this section
20 shall apply to dispositions made after the date of the
21 enactment of this Act.

22 (2) DISTRIBUTIONS OF REAL ESTATE INVEST-
23 MENT TRUSTS.—The amendments made by sub-
24 section (b) shall apply to distributions made after
25 the date of the enactment of this Act.

1 **SEC. 3. APPLICATION OF CONTINUOUS LEVY TO TAX LI-**
2 **ABILITIES OF CERTAIN FEDERAL CONTRAC-**
3 **TORS.**

4 (a) IN GENERAL.—Subsection (f) of section 6330 of
5 the Internal Revenue Code of 1986 is amended by striking
6 “or” at the end of paragraph (2), by inserting “or” at
7 the end of paragraph (3), and by inserting after paragraph
8 (3) the following new paragraph:

9 “(4) the Secretary has served a Federal con-
10 tractor levy,”.

11 (b) FEDERAL CONTRACTOR LEVY.—Subsection (h)
12 of section 6330 of such Code is amended—

13 (1) by striking all that precedes “any levy in
14 connection with the collection” and inserting the fol-
15 lowing:

16 “(h) DEFINITIONS RELATED TO EXCEPTIONS.—For
17 purposes of subsection (f)—

18 “(1) DISQUALIFIED EMPLOYMENT TAX LEVY.—
19 A disqualified employment tax levy is”; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(2) FEDERAL CONTRACTOR LEVY.—A Federal
23 contractor levy is any levy if the person whose prop-
24 erty is subject to the levy (or any predecessor of
25 such person) is a Federal contractor.”.

1 (c) CONFORMING AMENDMENT.—The heading of
2 subsection (f) of section 6330 of such Code is amended
3 by striking “JEOPARDY AND STATE REFUND COLLEC-
4 TION” and inserting “EXCEPTIONS”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to levies issued after December 31,
7 2010.

8 **SEC. 4. PAYGO COMPLIANCE.**

9 The budgetary effects of this Act, for the purpose of
10 complying with the Statutory Pay-As-You-Go Act of 2010,
11 shall be determined by reference to the latest statement
12 titled “Budgetary Effects of PAYGO Legislation” for this
13 Act, submitted for printing in the Congressional Record
14 by the Chairman of the House Budget Committee, pro-
15 vided that such statement has been submitted prior to the
16 vote on passage.

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